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RUEHJM/AMCONSUL JERUSALEM PRIORITY 8841  
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RHMFISS/COMSOEUR VAIHINGEN GE PRIORITY  
RHMFIUU/COMSIXTHFLT PRIORITY

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SIPDIS

STATE FOR NEA, NEA/IPA, NEA/PPD

WHITE HOUSE FOR PRESS OFFICE, SIT ROOM  
NSC FOR NEA STAFF

SECDEF WASHDC FOR USDP/ASD-PA/ASD-ISA  
HQ USAF FOR XOXO  
DA WASHDC FOR SASA  
JOINT STAFF WASHDC FOR PA  
CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR  
COMSOEUR VAIHINGEN GE FOR PAO/POLAD  
COMSIXTHFLT FOR 019

JERUSALEM ALSO ICD  
LONDON ALSO FOR HKANONA AND POL  
PARIS ALSO FOR POL  
ROME FOR MFO

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SUBJECT: ISRAEL MEDIA REACTION

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SUBJECTS COVERED IN THIS REPORT:  
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Mideast

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Key stories in the media:  
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The media highlighted PM Ehud Olmert's declaration on Monday that he intends to advance with negotiations on the core issues even if it will result in a loss of his parliamentary majority. The statement was made in advance of Olmert's meeting today with Yisrael Beiteinu

Chairman Avigdor Lieberman, who has threatened to pull his party out of the coalition if Olmert opens discussions on borders, Jerusalem and refugees. FM Tzipi Livni made a similar pronouncement in a speech to the Knesset plenum on Monday. Yediot and The Jerusalem Post led with reports that today Olmert will ask Lieberman to stay in the government. The Jerusalem Post quoted sources close to Olmert as saying that Lieberman will be persuaded to stay in the coalition because he wants to be involved in policy decisions on Iran. Maariv reported that coalition members are convinced that Lieberman will quit the government coalition on Wednesday.

Major media reported that on Monday in Jerusalem FM Livni met with the head of the Palestinian negotiating team, Ahmed Qurei, for a first discussion of the core issues. Livni said ahead of the meeting that while the talks are not secret, they are discreet and should be conducted away from the cameras. Ha'aretz reported that in addition to negotiations on core issues, nine teams will be created to deal with other issues including water, security arrangements, judicial issues, trade and economics, infrastructure the environment and compensation.

Electronic media reported that this morning a volunteer from Ecuador at Kibbutz Ein Hashlosha was killed by Palestinian sniper fire from the Gaza Strip. Israel Radio quoted an Israeli defense source as saying that the incident brings an incursion into the Strip closer. Media reported that hours earlier at least nine Palestinians died in an IDF ground and air raid on Gaza City. Several media reported that one of the killed was the son of Hamas leader and co-founder Mahmoud Zahar. Maariv reported that an army simulation conducted last week showed that an IDF invasion of Gaza would result in high casualties.

Israel Radio reported that Israel has foiled attempts to smuggle into the Gaza Strip materials than can be used to make explosives by putting them in sacks of concrete or salt. The Jerusalem Post and Israel Hayom reported that on Monday Israel Airports Authority inspectors discovered two tons of dual-purpose fuel, which can be used to produce Qassam rockets, during a sample check of a humanitarian aid transport vehicle at the Kerem Shalom crossing from Israel into the Gaza Strip. Ha'aretz reported that PA security officials recently seized 16 kilograms of explosives and a ready-to-fire Qassam-like rocket from Hamas operatives in Nablus.

Ha'aretz, Maariv, and other media reported that PM Olmert told the Knesset's Foreign Affairs and Defense Committee on Monday that he is opposed to a large-scale military operation. Ha'aretz also quoted him as saying in a meeting with members of his Kadima party that during his visit to Israel, President Bush "said things [on Iran] that were remarkably accurate and poignant." The Jerusalem Post reported that Olmert warned that all options are on the table when it came to Israel's need to defend itself against a nuclear Iran.

The Jerusalem Post reported that PA officials in Ramallah told the newspaper on Monday that Syria and Iran have stepped up their efforts to overthrow PA President Mahmoud Abbas and his ruling Fatah party,

The media reported that on Monday Defense Minister Ehud Barak met with representatives of the bereaved families of soldiers during the Second Lebanon War. He refused to sign a document presented by some of his interlocutors that would have made him promise to resign his post following the release of the final Winograd report on January 130.

Maariv reported that in case of a new conflict with Hizbullah, the Lebanese organization would launch cluster bombs capable of hitting a wide area of northern Israel.

Yediot reported that its Washington correspondent, Orly Azolai, was openly invited to Saudi Arabia to cover President Bush's visit to Riyadh. She was even interviewed live on a local TV station.

Yediot cited Israel's satisfaction over the cancellation by Russia of a missile sale to Iran.

Ha'aretz quoted former U.S. Ambassador to Israel Daniel Kurtzer as saying on Monday at a Geneva Initiative-sponsored conference in Herzliya that President Bush's tenure has been largely characterized by a "lack of commitment" to the Arab-Israeli process, and that it

seems unlikely that the outgoing President will be able to bring peace to the region before the end of his term.

Leading media reported that on Monday Supreme Court President Dorit Beinisch lashed out at 20 Knesset members who signed a letter criticizing her for meeting with U.S. Ambassador to Israel Richard Jones. She strenuously denied that the court is holding political discussions or accepting dictates from anyone, Israeli or foreign.

The Jerusalem Post quoted Shlomo Lecker, the lawyer for peace activist Brian Avery who was injured by the IDF in 2003, as saying that the IDF hid information from the High Court of Justice.

The Jerusalem Post reported that on Monday in Beijing Industry, Trade, and Labor Minister Eli Yishai signed a memorandum of understanding with China to boost research cooperation and trade in agriculture, telecommunications, and water technology.

The Jerusalem Post reported that the Israeli web portal Walla Communications Ltd. announced on Monday that it has signed a strategic cooperation agreement with Yahoo! Inc. on Internet search engines.

Ha'aretz, The Jerusalem Post, and Israel Radio reported that the government is encouraging the immigration of physicians from North America and Britain because of a shortage in doctors.

All media reported that on Monday the U.S. dollar has fallen to its lowest level against the shekel in nine-and-a-half years. It now trades for 3.72 shekels per dollar.

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Mideast:  
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Summary:  
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Defense commentator Amir Oren wrote in the independent, left-leaning Ha'aretz: "The real battle, between Rice and Israel, will now take place over the President's support, with Rice having the upper hand, because until his next visit here, Bush will expect to see results on the ground."

Senior columnist and longtime dove Yoel Marcus wrote in Ha'aretz: "If there is anyone who knows this, it's Olmert: When you've got a friendly president like Bush, you don't mess around. In the political world, even a lame duck has talons."

Liberal columnist Ofer Shelach wrote in the popular, pluralist Maariv: "Ehud Olmert and Ehud Barak, who are fighting over the votes of [the liberal] camp, do not feel the need to do something about the outposts, no matter what the Americans will say."

The conservative, independent Jerusalem Post editorialized: "Without ... support from the Arab states, no amount of money or even direct pressure can induce the weak, divided and radicalized Palestinians to work seriously toward reconciliation. The second missing piece is more effective U.S. persuasion of Europe to tighten its sanctions against Iran."

Former Ambassador to the U.S., former Minister of Foreign Affairs, and former Minister of Defense Moshe Arens wrote in Ha'aretz: "There is no American pressure and there will be no American pressure for Israeli concessions. If unauthorized outposts in Judea and Samaria [i.e. the West Bank] should be removed it is not because of a 'commitment' Israel made to the U.S., but because these outposts are illegal under Israeli law."

Block Quotes:  
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II. "The Generals of Professor Rice"

Defense commentator Amir Oren wrote in the independent, left-leaning Ha'aretz (1/15): "In June 2002, the President adopted the idea of [Palestinian] independence on one condition: combating terrorism before a state can be established. At Annapolis that condition was

put away. Thus, Professor Rice of Stanford University invented a program offering a direct path to a doctorate, in parallel with classes to prepare for the high school matriculation exams. The supervisor is Lieutenant General William Fraser III, assistant to the chairman of the Joint Chiefs of Staff, whose role is to monitor the mechanism for implementing the first stage of the Roadmap.... During Rice's visits to Israel, Fraser has so far sat in the meetings and kept quiet, like a well-mannered child among a group of elders. Now he is expected to talk with the two sides and demand that they report progress on implementing their respective commitments -- Israel to evacuate outposts and stop construction in the settlements, and the Palestinians to counter terrorism. Setting up the Fraser mechanism will enable Rice to demand from Israel a

detailed timetable for evacuation, a working program that will commit the government irrespective of whether Ehud Olmert remains at its head. Any delay in the evacuation, which served the Palestinians as an excuse to pause their counterterrorist activities, will no longer serve to delay the bargaining over a final-status agreement. The real battle, between Rice and Israel, will now take place over the President's support, with Rice having the upper hand, because until his next visit here, Bush will expect to see results on the ground."

## II. "A Lame But Determined Duck"

Senior columnist and longtime dove Yoel Marcus wrote in *Ha'aretz* (1/15): "One of the current demands facing Israel is the immediate evacuation of unauthorized outposts. This evacuation has become a test on several counts: First and foremost, whether the Prime Minister is able to keep promises to the United States, and whether he realizes that if he does not uproot settlements, he turns Bush into a partner in the Israeli occupation in the eyes of the moderate Arab countries. But then you get up one morning this week and hear Olmert bombastically declaring what a disgrace it is that these outposts are still around. Really? Where has he been until now? What's he been doing that kept him from dismantling even one measly outpost? Waiting for the Winograd report? Quaking in his boots at the thought of a face-off with the settlers? If there is anyone who knows this, it's Olmert: When you've got a friendly president like Bush, you don't mess around. In the political world, even a lame duck has talons."

## III. "Promises that Won't Be Honored"

Liberal columnist Ofer Shelach wrote in the popular, pluralist *Maariv* (1/15): "[Olmert] knows, and so does Bush, that despite the fact that an American order is generally viewed in Israel as much more than a Biblical precept, not a trailer will move. Why is that? Because Israel is not a state. A state, you know, is a rational collective in which everybody keeps the law -- part of the agreed-upon social contract.... We have a prime minister who says that not removing the outposts is 'debasing,' as if he were the State Comptroller or a newspaper columnist.... And the Left? It does not really want to deal with the outposts, out of fear that the images of a removal would appear to weaken the possibility of reaching a large-scale, historic settlement removal that will bring a peace treaty. The Left and the cynical politicians who pretend to lead it do not want a state here. It would mean the end of the current agenda, which is not more than an inter-tribal conflict. Thus, Ehud Olmert and Ehud Barak, who are fighting over the votes of that camp, do not feel the need to do something about the outposts, no matter what the Americans will say."

## IV. "Go to Europe"

The conservative, independent *Jerusalem Post* editorialized (1/15): "At other times in the U.S., Bush urged the Arab states to emulate Anwar Sadat's courageous gesture that led to Israel's peace treaty with Egypt. Yet, where it counts, speaking in Arab countries, Bush was silent. Easing the pressure on the Arab states to make minimal gestures toward Israel is deeply misguided. If Arab states were to start meeting Israeli leaders, either in Israel or their own countries, this would send a powerful signal to the Palestinians that now is the time to make peace. Without such support from the Arab states, no amount of money or even direct pressure can induce the weak, divided and radicalized Palestinians to work seriously toward reconciliation. The second missing piece is more effective

U.S. persuasion of Europe to tighten its sanctions against Iran. More than he needed to come to this region, Bush needs to go to European capitals and say explicitly, 'If you want peace in the Middle East and the world, you must join the U.S. in sanctioning Iran.' If Europe imposed the same trade and diplomatic sanctions that the U.S. already has imposed on Iran, the pressure on Tehran would be tremendous and the aura of inevitability around an Iranian bomb would be punctured. But this will not happen unless Bush personally raises the level of his Iran diplomacy towards Europe to that of the efforts he is now dedicating to the Annapolis process. After all, the success of Annapolis depends on facing down Iran, not the other way around."

#### IV. "Pressure from Fantasy Land"

Former Ambassador to the U.S., former Minister of Foreign Affairs, and former Minister of Defense Moshe Arens wrote in *Ha'aretz* (1/15): "Olmert's repeated assertion that what needs to be achieved in the peace process has to be achieved while George W. Bush is in the White House is not very intelligent. There is no point in antagonizing the person who will move into the White House a year from now. Nor for that matter should one antagonize the members of the Democratic Party, who now control Congress and might run the administration a year from now. The talk about the need to give in to American pressure comes straight out of fantasy land. There is no American pressure and there will be no American pressure for Israeli concessions. If unauthorized outposts in Judea and Samaria [i.e. the West Bank] should be removed it is not because of a 'commitment' Israel made to the U.S., but because these outposts are illegal under Israeli law."

JONES